

**CASCADAS DE BAJA ASSOCIATION
BOARD OF DIRECTORS MEETING
SEPTEMBER 8, 2016
9:30 AM, PDT
The Holiday Inn, Irvine Spectrum
Lake Forest, California**

MINUTES

I. CALL MEETING TO ORDER

The meeting was called to order by Patricia Giddings at 9:53 a.m. (PDT). Mrs. Giddings announced that a quorum had been established and asked Doug Wilcox to conduct the meeting. In attendance were:

Board Members

Patricia Giddings	President
Marty Russell	Vice President
Richard Bort	Secretary
Larry Greenberg	Treasurer
David Giddings	Director
Greg Giddings	Director

Board Advisors

Mark Giddings

Legacy Committee Members

Mark Gross, Tom Lieb (Absent, Excused)

Management

Daniel Holzkan	General Manager - Club Cascadas
Reyna Gerhardus	Assistant General Manager - Club Cascadas
Doug Wilcox	Sr. Vice President, Resort Management - TPI
Mauricio Quezada	Director of Resort Operations – VRI/TPI
Loren Gallagher	CEO – TPI/VRI
Luis Moran	Assistant Vice President, HOA Accounting – TPI

Guests

Dave Stoenner	Cascadas Legacy Sales Director
Earl Asbury	Cascadas de Baja Association Member
Bernardo Jaduszliwer	Cascadas de Baja Association Member
Erick Malm	Cascadas de Baja Association Member

II. APPROVAL OF AGENDA

Marty Russell made a motion to approve the agenda, and the motion was seconded by Richard Bort. The motion passed unanimously.

III. OPEN FORUM – MEMBER COMMENTS

Each of the three Cascadas de Baja Association members in attendance introduced themselves and provided a brief summary of their background and experience as members.

IV. APPROVAL OF MEETING MINUTES

A. Regular Board of Directors Meeting Minutes June 17, 2016

A motion was made by Marty Russell and seconded by David Giddings to approve the minutes with an amendment to the property insurance paragraph IX C. The motion passed unanimously.

B. Organizational Meeting Minutes June 18, 2016

A motion was made by Richard Bort and seconded by Greg Giddings to approve the minutes. The motion passed unanimously.

C. Annual Meeting Minutes June 18, 2016 (Review Only)

A motion was made by Richard Bort and seconded by Larry Greenberg to approve posting the draft version of the June 18, 2016 Annual Meeting minutes on the website. The motion passed unanimously.

The Board requested the posting of the location and date of the Annual Meeting for 2017 on the website (**Action Item**).

V. REVIEW OF PREVIOUS ACTION ITEMS

Action items were reviewed by the Board and management.

A motion was made by Larry Greenberg and seconded by Richard Bort to authorize TPI to take all steps necessary to transfer the assets and personnel of TPM to ACB, and to then dissolve TPM, with the goal of completing the actions by the end of December 2016.

Richard Bort and Larry Greenberg will include additional items that will need future replacement and that are considered to be Capital Expenditures and report back to the Board (**Action Item**).

VI. FINANCIAL MATTERS

A. Financial Statements for the Period Ended July 31, 2016

Luis Moran reviewed the July 31, 2016 balance sheet and income statement. The Club is showing a surplus in the amount of \$531,052 and a favorable variance to budget in the amount

of \$510,084 year-to-date. A motion was made by Marty Russell and second by Richard Bort to accept the financial statements for filing. The motion passed unanimously.

B. 2017 Operating and Reserve Budget

A motion was made by Marty Russell and seconded by Richard Bort to approve the 2017 Operating and Reserve Budget with the addition of \$20,000 on legal fees, with no increase in maintenance fees. The motion passed unanimously

A motion was made by Greg Giddings and seconded by David Giddings to approve the Capital Replacement Expense Fund-2017 and to defer the new elevator expense in the Las Palmas building to 2018. That brought the revised CapEx budget (excluding remodeling) to \$378,000 without the elevator. The motion passed unanimously.

V. COMMITTEE REPORTS

Daniel Holzkan reported on the rental of a new warehouse in order to move some shops and reduce on-site noise and inconvenience. Other minor projects such as polishing the interior of the elevator were completed and the on-site paramedic has proven to be a success.

Dave Stoenner provided total sales for the Palmas building in 2015 compared to 2016. At the current pace, Las Palmas sales would be about three times more than 2015. Mr. Stoenner also provided the Board with sales projections after turnover to the Association.

Larry Greenberg moved, and Richard Bort seconded, to approve the proposed remodel plan for 2017 in the amount of \$1,042,000, and to notify the owners as soon as the construction dates become available. The motion passed unanimously.

Mark Giddings will obtain the missing proposals and quotes for the upcoming future projects **(Action Item)**.

Mauricio Quezada provided an overview of damages and incidents caused by hurricane Newton at Club and in the area. There was very little damage and things are back to normal.

VI. MANAGEMENT REPORT

A. Occupancy Report

Reviewed – No further discussion.

VII. CONTINUING BUSINESS

A. Internet Project

Mauricio Quezada reported that the Wi-Fi solution in common areas has now been implemented and went live on September 3rd. The coverage area includes both pools, lobby, tennis court surroundings, clubhouse, lobby and palapa area on the beach. Testing will

continue along with the addition of our current antenna system into this new network. Mr. Quezada will provide the Board with the results and further steps to follow (**Action Item**).

VIII. OTHER BUSINESS

A. To – From Transition Model

The Board continues to work and delegate functions to Committees and develop the structure for the new entity.

B. Insurance Update

Larry Greenberg moved and Marty Russell seconded to ratify two board resolutions previously approved by telephone or e-mail: (A) the \$15,000 expenditure increase to the Wi-Fi project as motioned on June 17, 2016; and (B) to accept the Insurance Settlement for the amount of \$851,839.08 as presented on August 18, 2016 by AXA Seguros. The motion passed unanimously.

C. Approval of 2017 Annual Maintenance Fee Mailer

Larry Greenberg motioned and Marty Russell seconded to approve the 2017 annual maintenance fee mailer, with the appropriate changes discussed at today's meeting. The motion passed unanimously.

D. 2016 Audit Engagement Letter

Marty Russell moved and Greg Giddings seconded to engage Schonwit & Associates for the review of the financial statements of Cascadas de Baja Association for the year ending December 31, 2016. The motion passed unanimously.

E. OTA Rental Letter

The letter was previously reviewed and changes were requested. Doug Wilcox with review with TPI's legal department and report back to the Board (**Action Item**).

F. Approval of 2017 Meeting Dates/Locations

David Giddings motioned and Marty Russell seconded the motion to approve the proposed 2017 meeting dates/locations as follows: January 31st – Holiday Inn (Irvine), June 23rd and 24th – Wyndham (OC Airport); and August 31st – Holiday Inn (Irvine). The motion passed with a unanimous affirmative vote.

IX. EXECUTIVE SESSION

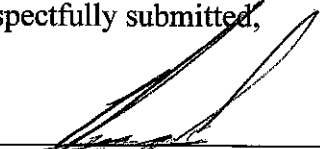
The Board entered Executive Session at 3:45 p.m. (PDT) and returned to Regular Session at 5:07 p.m. (PDT).

X. ADJOURNMENT

With no further business to discuss, a motion to adjourn was made by Marty Russell and seconded by David Giddings. The meeting adjourned at 5:07 p.m. (PDT).

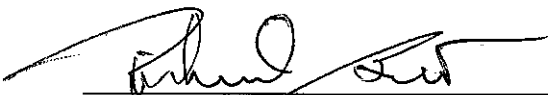
The next meeting is scheduled to take place on Tuesday, January 31, 2017 at 9:30 a.m. (PST), at the Holiday Inn Irvine Spectrum, Lake Forest, CA.

Respectfully submitted,



Mauricio Quezada,
Director of Resort Operations Mexico
Trading Places International/ VRI

Approved by,



Richard Bort,
Secretary
Cascadas de Baja Association